

AMENDED IN ASSEMBLY MAY 27, 2005

AMENDED IN ASSEMBLY APRIL 12, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1643

Introduced by Assembly Member Jones

February 22, 2005

~~An act to amend Section 21661 of the Government Code, relating to public employee benefits, and making an appropriation therefor. relating to public employee benefits.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1643, as amended, Jones. Public employees: long-term care.

The Public Employees' Long-Term Care Act authorizes the Board of Administration of the Public Employees' Retirement System to contract with carriers offering long-term care insurance plans. Active and retired members and annuitants of specified counties and public agencies, and certain relatives of those individuals, are authorized to enroll in those long-term care insurance plans if they meet eligibility and underwriting criteria.

~~This bill would authorize a limited number of persons determined ineligible to enroll in those long-term care insurance plans based on eligibility criteria or underwriting standards, to have the opportunity to participate in a pilot project in which, during a specified one-year enrollment period, those individuals could apply for and receive long-term care insurance coverage. The bill would prohibit the board from establishing, enforcing, or maintaining any definition of covered benefits, criteria to receive benefits, or any other standard that would limit the benefits a participant could receive on account of physical condition, age, or race, except that the board could establish a waiting~~

~~period of up to one year before any person insured pursuant to those provisions could receive benefits.~~

~~The bill would authorize premiums to take into account a person's age at the time of the application, but would prohibit persons enrolled from being charged a premium that is in excess of twice the premium charged to individuals who satisfied the eligibility or underwriting criteria. The bill would require the board, after December 31, 2007, to assess the extent to which projected costs of coverage exceed income from premiums and would authorize the board to increase by no more than 2% the premiums to be paid by all enrollees. Because the bill would affect the funding of the Public Employees' Long-term Care Fund, a continuously appropriated fund, the bill would make an appropriation. The bill would also require the board to report specified information regarding the pilot program to the Legislature on or of before March 31, 2008.~~

This bill would require the board to order a study to be conducted concerning long-term care, as specified, and that a report on the study be submitted to the Legislature by March 31, 2008.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~ no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Board of Administration of the Public*
- 2 *Employees' Retirement System shall order a study to be*
- 3 *conducted that does all of the following:*
- 4 (i) *Requires that any person denied long-term care coverage*
- 5 *due to underwriting criteria after January 1, 2006, be asked*
- 6 *whether he or she would be interested in participating in a*
- 7 *proposed pilot project given various possible premium levels and*
- 8 *possible restrictions on benefits.*
- 9 (b) *Specifies that the questionnaire also ask potential*
- 10 *participants whether they currently use personal care, whether*
- 11 *they would do so immediately if provided coverage, or whether*
- 12 *they reasonably expect to do so at various future intervals.*
- 13 (c) *Requires the Public Employees' Retirement System to*
- 14 *establish a task force to advise it on conduct of the study and*
- 15 *preparation of a report to the Legislature. The task force would*
- 16 *be required to consist of representatives of organizations of*
- 17 *persons with disabilities focusing on employment, experts on the*

1 *long-term care needs of persons with disabilities, retirees,*
2 *unions, and other interested parties.*

3 *(d) Requires that the report be submitted to the Legislature by*
4 *March 31, 2008, and include all of the following elements:*

5 *(1) The results of the survey of potential participants.*

6 *(2) The expected costs of providing coverage without*
7 *underwriting criteria.*

8 *(3) A proposal for a program that would maintain the*
9 *financial stability of the plan while balancing the need to cover*
10 *the maximum number of individuals with the fewest restrictions*
11 *on coverage with the need to minimize increased premiums for*
12 *those receiving the expanded coverage and for other enrollees.*

13 *(4) Other options for ensuring that persons now excluded from*
14 *the long-term care insurance plan are able to obtain long-term*
15 *services when needed and are not discouraged from seeking*
16 *employment in order to continue receiving public benefits.*

17 ~~SECTION 1. Section 21661 of the Government Code is~~
18 ~~amended to read:~~

19 ~~21661. (a) The board shall contract with carriers offering~~
20 ~~long-term care insurance plans.~~

21 ~~The long-term care insurance plans shall be made available~~
22 ~~periodically during open enrollment periods determined by the~~
23 ~~board.~~

24 ~~(b) The board shall award contracts to carriers who are~~
25 ~~qualified to provide long-term care benefits, and may develop~~
26 ~~and administer self-funded long-term care insurance plans. The~~
27 ~~board may offer one or more long-term care insurance plans.~~

28 ~~(c) The long-term care insurance plans shall include home,~~
29 ~~community, and institutional care and shall, to the extent~~
30 ~~determined by the board, provide substantially equivalent~~
31 ~~coverage to that required under Chapter 2.6 (commencing with~~
32 ~~Section 10231) of Part 2 of Division 2 of the Insurance Code, if~~
33 ~~the carrier has been approved by the Department of Managed~~
34 ~~Health Care pursuant to Chapter 2.2 (commencing with Section~~
35 ~~1340) of Division 2 of the Health and Safety Code.~~

36 ~~(d) The classes of persons who shall be eligible to enroll are:~~

37 ~~(1) Active and retired members and annuitants of the Public~~
38 ~~Employees' Retirement System, and their spouses, parents,~~
39 ~~siblings, and spouses' parents.~~

~~(2) Active and retired members and annuitants of the State Teachers' Retirement Plan, and their spouses, parents, siblings, and spouses' parents.~~

~~(3) Active and retired members and annuitants of the Judges' Retirement System, and their spouses, parents, siblings, and spouses' parents.~~

~~(4) Active and retired members and annuitants of the Judges' Retirement System II, and their spouses, parents, siblings, and spouses' parents.~~

~~(5) Active and retired members and annuitants of the Legislators' Retirement System, and their spouses, parents, siblings, and spouses' parents.~~

~~(6) Members of the California Assembly and Senate and their spouses, parents, siblings, and spouses' parents.~~

~~(7) Active and retired members and annuitants, and other classes of employees of a public agency that is located in this state, and their spouses, parents, siblings, and spouses' parents.~~

~~(e) An individual specified in paragraphs (1) to (7), inclusive, of subdivision (d) may not be eligible unless he or she resides in the United States, its territories and possessions, or in a country in which a provider network can be established comparable in quality and effectiveness to those established in the United States.~~

~~(f) Notwithstanding paragraphs (1) to (7), inclusive, of subdivision (d), no person may be enrolled unless he or she meets the eligibility and underwriting criteria established by the board.~~

~~(g) Notwithstanding paragraphs (1) to (7), inclusive, of subdivision (d), enrollment of active employees of the State of California shall be subject to Section 19867.~~

~~(h) The board shall establish eligibility criteria for enrollment, establish appropriate underwriting criteria for potential enrollees, define the scope of covered benefits, define the criteria to receive benefits, and set any other standards as needed. As used in this section, "sibling" shall mean a sibling who is at least 18 years of age.~~

~~(i) (1) Notwithstanding any other provision of this section or any other provision of law, commencing January 1, 2006, any person determined ineligible as a result of eligibility criteria or underwriting standards adopted pursuant to subdivision (h) shall~~

1 ~~be offered the opportunity to participate in a pilot project~~
2 ~~providing coverage on terms described in paragraph (2) of this~~
3 ~~subdivision, if that person meets either of the following criteria:~~

4 ~~(A) He or she is an active, full-time member of the system as~~
5 ~~of January 1, 2006, or was an active, full-time member of the~~
6 ~~system on or after January 1, 1991, and applies for coverage on~~
7 ~~or before December 31, 2006. No more than 1,000 individuals~~
8 ~~shall be provided coverage pursuant to this subparagraph.~~

9 ~~(B) He or she becomes a full-time member of the system on or~~
10 ~~after January 2, 2006, and applies for coverage within one year of~~
11 ~~becoming a member. No more than 100 individuals shall be~~
12 ~~provided coverage pursuant to this subparagraph.~~

13 ~~(2) The board or any long-term care insurance contract or plan~~
14 ~~shall not establish, enforce, or maintain any definition of covered~~
15 ~~benefits, criteria to receive benefits, or any other standard that~~
16 ~~would limit the benefits that a participant may receive on account~~
17 ~~of physical condition, age, or race, except that the board may~~
18 ~~establish a waiting period of up to one year before any person~~
19 ~~insured pursuant to this subdivision may receive benefits.~~
20 ~~Premiums may take into account a person's age at the time of the~~
21 ~~application, but persons enrolled pursuant to this subdivision may~~
22 ~~not be charged a premium in excess of twice the premium that~~
23 ~~would be charged to an individual who satisfied eligibility or~~
24 ~~underwriting criteria pursuant to subdivision (h).~~

25 ~~(3) After December 31, 2007, the board shall assess the extent~~
26 ~~to which projected costs of coverage provided pursuant to this~~
27 ~~subdivision may be expected to exceed income from premiums~~
28 ~~paid by those enrolled pursuant to this subdivision. If the board~~
29 ~~determines that a shortfall is highly likely, it may thereafter~~
30 ~~authorize an increase not to exceed 2 percent in premiums to be~~
31 ~~paid by all enrollees.~~

32 ~~(4) On or before March 31, 2008, the board shall report to the~~
33 ~~Legislature all of the following information:~~

34 ~~(A) The number of individuals who are provided coverage~~
35 ~~pursuant this subdivision.~~

36 ~~(B) The number of individuals denied coverage under this~~
37 ~~subdivision as a result of the numerical limits on enrollment~~
38 ~~imposed.~~

- 1 ~~(C) The number of individuals provided coverage under this~~
2 ~~subdivision who have claimed benefits under the plan on or~~
3 ~~before December 31, 2007.~~
4 ~~(D) The projected cost of providing benefits to those covered~~
5 ~~pursuant to this subdivision.~~
6 ~~(E) The premiums charged to those provided coverage.~~
7 ~~(F) The waiting period, if any, imposed by the board.~~
8 ~~(G) The amount of any premium increase imposed on other~~
9 ~~enrollees pursuant to paragraph (3) of this subdivision.~~
10 ~~(j) The long-term care insurance plans may not become part~~
11 ~~of, or subject to, the retirement or health benefits programs~~
12 ~~administered by the system.~~
13 ~~(k) For any self-funded long-term care plan developed by the~~
14 ~~board, the premiums shall be deposited in the Public Employees'~~
15 ~~Long-term Care Fund.~~